GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:326
ANSWERED ON:23.12.2004
PRICING POLICY
Barad Shri Jashubhai Dhanabhai

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Union Government propose to have differential pricing policy based on the cost of transportation of the fuel from the nearest port to the sale point;

(b) if so, whether Government has worked out the pricing policy for the different regions for the coastal and non-coastal areas;

(c) if so, the details of the same;

(d) whether the revised pricing policy has been introduced; and

(e) if not, the time by which the same is likely to be introduced ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 326 BY SHRI JASHUBHAI DHANABHAI BARAD TO BE ANSWERED ON 23RD DECEMBER 2004 REGARDING PRICING POLICY

(a) to (e): At present, the public sector oil marketing companies (OMCs) pay to the domestic refineries the prices of petroleum products based on their international prices. In terms of the concept of import parity pricing in all its dimensions, product prices would vary depending upon the location, with the prices at inland locations being higher than the coastal locations on account of inland transportation charges. However, with a view to containing the impact of transportation charges in the consumer selling prices of petrol and diesel at inland locations, under the present pricing mechanism adopted by OMCs, they equalize the prices of these products at all ex-storage point locations in the country.

There is no proposal under consideration to revise the aforesaid pricing mechanism at present.